



Housing Advisory Commission

HOUSING ADVISORY COMMISSION SOCIAL HOUSING SUBCOMMITTEE

AGENDA

Friday, October 18, 2019
11:00 AM

City Administrative Offices, Cypress Room
2180 Milvia St
Berkeley, CA 94704
Secretary Mike Uberti
HAC@cityofberkeley.info

All agenda items are for discussion and possible action.

Public comment policy: Members of the public may speak on any items on the Agenda and items not on the Agenda during the initial Public Comment period. Members of the public may also comment on any item listed on the agenda as the item is taken up. Members of the public may not speak more than once on any given item. The Chair may limit public comments to 3 minutes or less.

1. Roll Call
2. Agenda Approval
3. Public Comment
4. **Brief Review of the Social Housing Proposal** – *Commissioner Lord*
5. **Subcommittee Work Plan** – *Commissioner Lord*
6. **Discussion for Drafting Social Housing Principles** – *Commissioner Lord*
7. Adjourn

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HAC Social Housing Subcommittee

October 18, 2019

To: HAC Social Housing Subcommittee
From: Commissioner Thomas Lord
Subject: **Brief Review of the Social Housing Proposal**

Since the subcommittee has doubled in size, I thought it might be helpful to begin with a brief review of the social housing proposal we are here to further develop.

We're not, during this brief review, debating or altering the draft plan (that can happen separately). No action will be taken. Now would be a good time to ask any clarifying questions we might have about the draft plan as it stands.

This overview summarizes the proposal from three perspectives:

- as a housing system business model
- as a social system for ensuring pleasing, quality housing for all
- as a civic institutional structure

Business Model

The proposed social housing system is a portfolio of primarily residential properties owned by a single entity. Residences are leased.

Pricing of residences is flexible within constraints:

- The portfolio as a whole must produce a below-market rate of return on the capital cost of the portfolio.
- The net operating income is divided, in a proportion determined by policy, between *cross-subsidy* and *program expansion*.
- **Cross-subsidy** among residents means that residents of greater means pay higher rents - "solidarity rents" - a portion of which subsidizes residents whose incomes are too low even to cover their share of operating expenses.
- **Program expansion** means that some of the net operating income is used to build a program expansion reserve, which in turn is used to help acquire or build additional properties.

The transition starting from 0 units in the portfolio to a number of units where the program is on a sound financial footing has not yet been much explored. At its

first meeting, the subcommittee identified hiring staff to work on this as a possible recommendation to City Council.

Social System

Property management of the proposed social housing system is democratically accountable to the residents, though the City will have emergency powers to intervene in limited ways.

One aim is that residents will have a strong say about choices of amenities, building policies, and maintenance priorities.

Another aim is that residents may be encouraged to reduce operating costs by engaging in self-help and volunteering labor for some maintenance tasks. As with the business model for rents, this is a way in which the system encourages solidarity among residents.

Civic Institutional Structure

The Social Housing Proposal envisions two legal entities:

- a Municipal Housing Trust which is the direct legal owner of the housing portfolio
- a Property Management Cooperative that is democratically accountable to residents

Both entities have a board of directors, with City Council appointing a slight majority of Housing Trust board members, and residents appointing a slight majority of Property Management Coop board members.

At its first meeting, the subcommittee noted that a complete working-out of the legal structure is beyond the practical scope of the subcommittee, and identified hiring staff to work on this as a possible recommendation to City Council.

HAC Social Housing Subcommittee

October 18, 2019

To: HAC Social Housing Subcommittee
From: Commissioner Thomas Lord
Subject: **Subcommittee Work Planning**

Our subcommittee's ending date has been extended through March of 2020. For that reason, I thought it would be helpful to put together a rough plan of work.

Please come to the meeting prepared to add items you'd like to work on that are missing from the list, and to make suggestions about improving the list.

The subcommittee work plan will not be set in stone. It is not a guarantee all items will come forward or a constraint against other items coming forward. While no action is *needed* since the plan is simply a statement of what individual members intended to agendize, if there is a desire to record objections to an item we can do so.

These are the items I tentatively plan to bring forward:

- **October**
 - *(see agenda)*
- **November**
 - discussion of the system's business plan and bootstrapping issues
 - planning engagement through the HAC's social housing summit
- **December**
 - *(open)*
- **January**
 - finalize a list of social housing principles
 - discuss form and contents of final recommendation
- **February**
 - assessment / review of our work
 - discussion of draft report and recommendation
- **March**
 - adoption of final report and recommendation

HAC Social Housing Subcommittee

October 18, 2019

To: HAC Social Housing Subcommittee
From: Commissioner Thomas Lord
Subject: **Discussion for Drafting Social Housing Principles**

The subcommittee earlier recognized that its final recommendation should include a high level of statement of principles that help to determine what we mean, in this context, by social housing.

We won't finalize a statement of principles at the October meeting but we can begin the discussion.

Please come to the meeting prepared to add statements you'd like to include that are missing from the list, and to make suggestions about improving the list.

Rather than beginning with a draft list, I thought I would just include some possible starting points. One is from the draft social housing plan. The other is from East Bay DSA. The two overlap in some perhaps interesting ways:

From the draft social housing proposal

Introduction

This report proposes a social housing program for the City of Berkeley.

In this report "social housing" means housing that is:

- owned by a municipal trust
- operated by a non-profit property management coop in which tenants may democratically participate
- affordable at a wide range of household incomes
- self-financing in the long run (though needing subsidy initially)

Why social housing?

Berkeley, like many places, is experiencing ongoing crises of economically forced displacement and unaffordable housing. Whole communities have been scattered, forced from the region. Highways are clogged, daily, with people who work or study in the region but who must drive from hours

away because they can't afford to live here. A vast number of households exist under constant, imminent threat of homelessness.

The problem is not limited to low income households but impacts even "moderate income" households - conventionally defined as those with an income between 80% and 120% of the area median. A majority of current residents, in other words, can not afford current rents.

The social housing program described in this report is not a silver bullet that will end the problem overnight but it *is* a program that will help pay for its own expansion and, in the long run, has the potential to prevent future acute housing crises.

As described later in this report, Berkeley's *existing* and emerging affordable housing strategies help, but the social housing program addresses areas that they can not.

From the East Bay DSA "We Demand Social Housing for All"

See <https://www.eastbaydsa.org/news/2018/12/02/we-demand-social-housing-for-all/>

We demand social housing for all. Only social housing can provide affordable homes to the entire working class. Currently, public dollars subsidize the profit margins of investors and private landlords to induce them to provide a trickle of affordable housing. Instead, we can cut out the profiteers and spend public funds directly on providing a much larger number of publicly- and socially-owned housing developments.

We can expand social housing both by bringing existing market housing under social control, and by building new social housing. By laying out our goal as social housing, we aim to unite not only tenants and working class homeowners who will live in it, but also the workers who will build it. We demand a social housing system that serves workers and the whole working class—not a for profit housing system that funnels our wages and community value up to the capitalist few.

Learning from the successes of working class movements for housing justice worldwide, we demand social housing that meets these four principles:

- **Democratic control:** permanent public or community not-for-profit ownership of land and buildings, forever protected from privatization and the speculative market; managed by democratically accountable entities, public workers, and residents.

- **Universal:** homes available for renters of all incomes in each building, free of segregation by income or race.
- **Permanently affordable:** rent is based on ability to pay, with up to 100% subsidy for poor renters, subsidized for by taxing the wealthy, along with secure rental leases that can only be ended with just cause, not by changes in income.
- **High quality:** beautiful and durable construction, ample community spaces, and permanently guaranteed maintenance budgets.

Democratic socialist candidates have energized masses of Americans with their bold vision of a politics for the working class. Jovanka Beckles, a DSA member who ran for the California State Assembly, drew on local DSA input to incorporate a bold vision of social housing into her platform. Beckles stated that “We need to move beyond the trickle-down, for-profit housing system to the bold, publicly-supported models that can provide affordable homes for all.” She pressed for a ten year, state-level Housing for All plan, with hundreds of thousands of “homes built through high-quality public, non-profit cooperative, and community land trust models” as part of a “not-for-profit social housing system with beautiful facilities, density near public transportation, and strong mixed-income communities.” Though she ultimately met a narrow defeat by a neoliberal candidate backed by over \$3 million in donations from the billionaire class, real estate developers, and their allies, Beckles’ campaign won over 90,000 votes for her vision, and helped point the way for future California movements for social housing.